



**THE ANNUAL GENERAL MEETING
FEDERATION OF KENYA EMPLOYERS (FKE)**

SPEECH

BY

HON. AMB. UKUR K YATANI

CABINET SECRETARY

MINISTRY OF LABOUR & SOCIAL PROTECTION

RADISSON BLUE HOTEL

10TH MAY 2018

NAIROBI

National President FKE Mr. Mark Obuya
The CEO FKE Madam Jacqueline Mugo
FKE Fraternity
Ladies and Gentlemen

Firstly I want to thank you very much for extending your invitation to me to attend this year's Annual General Meeting of the Federation.

This meeting gives us an opportunity to interact and dialogue more which deepens the much needed Social Dialogue given that the Federation is one of our Key stakeholders in the operation of the Ministry of Labour and Social Protection.

FKE being the most representative Employers Organization in Kenya with over 4,000 members drawn from all sectors of the economy plays a very important role in terms of employment creation as well as in fostering Industrial Peace in the country. We appreciate this very much.

In the memorandum the Federation presented to me during your courtesy call, I noted that your members employ more than half the number of workers in the entire formal sector, 1.1 million out of 2.3 million.

Ladies and Gentlemen,

In regard to the theme of this AGM “**Skills Development and Future of Work**” I must state that this theme is quite timely and comes at a time when we, as a Country, must have a conversation on the Central role Employers and Government can play in skills development.

In order to achieve this, collaboration with other stakeholders becomes necessary. We have to come together and offer ideas on how to respond to the various changes in the industry

and in particular how employment and skills ought to be organized.

In this regard, the Federation in partnership with NITA should therefore be able to upscale skills development and competencies. This should be guided by the need to consider new technologies and new opportunities in the labour market. The availability of skills that will be relevant to the Future of Work should be a key concern of employers and other stakeholders. we should therefore prioritize identification of skills needed and those that will remain relevant to the needs of industry.

Ladies and Gentlemen,

The development of these skills requires close collaboration between Government, training institutions and Employers.

A look at the Transformation Agenda of NITA shows that this Institution can play a vital role if supported and domiciled in its rightful place.

Employers have firsthand knowledge and practical evidence on the requirements of the Industry. You should therefore bring your voices into the debate on addressing the question of skills development for industry now and for the Future.

In this context may I implore employers to support skills development by opening up their premises for attachments and apprenticeship to learners and tutors.

In the same spirit, all Social Partners should spearhead skills development. The education and training institutions have to work together in designing and implementation of demand oriented training curricular, structured internship and industry attachment system

Development partners can be reached to strengthen these collaborations. Provision of equipment, enhanced research, retraining of lecturers, tutors and instructors is necessary.

Maximizing skills development of female workforce is also critical.

The Ministry congratulates FKE for partnering with United States International University Africa (USIU) in offering an **Executive Diploma in Industrial Relations**.

This Course has become very popular with employers and offers practical training to Human Resource Managers from the Industry. I am happy that the training is geared to real work situations. We call on other institutions to partner with industry to address the felt needs of industry.

It is also necessary that stakeholders feed data into the Kenya Labour Market Information system (KLMIS) to help in forecasting the skills on demand, provide information on employment opportunities for job seekers, learners and young entrepreneurs.

Ladies and Gentlemen,

Kindly have my assurance that I still recall the sentiments expressed by social partners during the Labour Day celebrations when the Federation raised concerns particularly on the role of vocational training and the need of positioning the National Industrial Training Authority (NITA) in its rightful place. On this, I want to inform you that I have already engaged with relevant authorities and am following on the matter very closely. As Government we will adopt a consultative approach to resolve the issue.

Ladies and Gentlemen,

We as a Ministry appreciate the Federations' efforts towards advocacy work and representation of your Members at local, regional and international levels.

We single out your effective representation and participation in the activities of the International Labour Organization (ILO) and in particular the Governing Body (GB) and Annual International Labour Conference. The Federation has continued to

articulate Kenya's issues effectively at this moment when The Government is not in the Governing Body .

During your courtesy call in my office on 23rd April, 2018, you raised a number of issues including the labor laws, productivity improvement, skills development, the need to cutting down on bureaucracy and building responsible business.

Allow me to inform the Federation that as indicated by your Executive Director in the Federation's Labour Day speech, the Ministry is already addressing some of the issues on Labour Laws and Policies.

As is the practice, the process of reviewing the Labour Laws has been initiated by the Ministry and the first stakeholders meeting is scheduled to take place soon. I appeal to the Federation and Central Organization of Trade Unions (COTU) to bring forward issues that need to be addressed so that as tripartite partners we can together consider them and submit the same to the National Labour Board prior to submission to Parliament as required by the Labour Institutions Act, 2007.

We need to align the laws to the constitution and best regional and international practices, identify gaps, overlaps and contradictions in laws which impede the attainment of our development goals. We need to address together emerging issues, inadequate institutional frameworks, address multiplicity of trade unions and persistent industrial unrest in the Country.

Ladies and Gentlemen,

In regard to productivity improvement, it is regrettable that in comparison with our peers, production levels in Kenya are lower than the desirable level. As a Ministry, we are set to improve this by revamping the Productivity Centre of Kenya and inculcate a productivity culture among our workers so that Kenya can be competitive and become a global investment destination.

On the lengthy bureaucratic procedures, the Government has already taken measure to ensure speedy operations by starting of a one stop shop initiative under Huduma Centers and may be, collapsing of various pieces of legislation into one document could be one of the issues to consider in the Labour Law review process.

Ladies and Gentlemen,

The Government appreciates the role the Federation of Kenya Employers plays in encouraging its members to build responsible business and

The focus on **Corporate Social Responsibility** (CSR) and the Training of your members on the need for good Industrial Relations practices is responsible for the relative calm that is witnessed in the private sector.

The Ministry further appreciates FKE's support for maintenance of peace which is essential for the realization of the Government's Big 4 Agenda.

Ladies and Gentlemen,

I vividly recall the concern raised by the Federation on the introduction of Bills, Policies and Regulations in the Labour Sector without consultation.

You singled out the Productivity Councils Bill, 2014 and Employment Act (Amendment Bill) The Public Health (Amendment Act, 2016 and the proposed changes to existing laws on NSSF, HELB, NITA and NHIF.

As you are aware, the process of law making and amendments is usually lengthy and is mostly initiated by respective state departments.

Some of these processes were begun way back prior to my appointment to this Ministry and where it is established that full tripartite consultations did not happen, the review that has

been initiated provides an opportunity for social partners to raise issues of concern to them so that their views are taken into account.

Ladies and Gentlemen,

As a Country that has ratified ILO convention no. 144 on tripartite consultations, I assure you of our commitment to upholding this principle as well as social dialogue.

We acknowledge that Social Dialogue is an essential tool for consensus and achievement of our Social and economic goals. It is therefore imperative that it should be embraced by all Social partners.

Ladies and Gentlemen,

I want to agree with the Federation's proposal that there is need for frequent consultations on the state of employment and labour relations in the Country as whole.

The ministry will be exploring the possibilities of holding an **Annual Labour Conference** where the social partners and other relevant stakeholders can converge and discuss topical issues touching on the labour market and together find solutions to emerging challenges.

As a Ministry we have adopted Alternative **Dispute Resolution Mechanism** (ADR) as a standard tool for Mediation and Conciliation of labour disputes. The Government has already provided seed money for this in the 2018/19 FY.

This will speed up settlement of labour disputes and decongest the already overcrowded Employment and Labour Relations Courts.

Layoffs

I also recall from the Federations memorandum that the country experienced mass layoffs in 2016 -2017 where 10,000 employees lost their jobs. Over twenty (20) companies across

the country laid off employees leaving many families without a source of income. This trend needs to be reversed.

As a Country, time has come for us to dialogue amongst social partners to consider the modalities of Minimum Wage setting. As Social partners, we need to consider among other factors the issue of **productivity bargaining**.

The Government in its Big 4 Agenda has directed the development of an **integrated National Wages Policy** which will guide in the setting of wages both in the public and Private sector.

To conclude, have my assurance that the institutions of Social dialogue are being revitalized; I already held a meeting with members of the National Labour Board as soon as soon I came into office. The full National Labour Board met on 20th April 2018 and both the Agriculture Industry and General Wages Council meetings have been held in this first half of the year.

In addition, the Ministry has already made a special request to His Excellency the President to consider lifting the ban on recruitment in the Public Sector so that we could employ more Labour Officers to offer required services. The twenty five (25) new labour officers who were employed in 2017 have been inducted and deployed to county labour offices.

You will also recall that, in his Labour Day speech of 1st May 2018, His Excellency the President directed the National Treasury to avail resources for recruitment for more Labour Officers.

Thank you & God Bless You